

Local

**COMPANY ANNOUNCEMENTS**



**Further Cautionary Announcement**

- LLR advised unitholders to exercise caution that it is still in negotiations to acquire a significant shareholding in a Group which carries on the business of property investment.
- P2.29 (YTD: +1.78%) PE: 10.3 PB: 0.8 D/Y: 7.04% Mkt Cap: P641.2mn



**Update on the Release 31 Dec 19 Financial Statements**

- BBS advised shareholders that it expects to publish its audited financial statements for the 31 Dec 19 yearend by 30 Nov 20.
- BBS noted that trading of its BBS005 bond and of its equity shares remains suspended.
- P1.10 (YTD: 0.00%) PE: N/A PB: N/A D/Y: 0.00% Mkt Cap: P536.2mn

**Funding, Ministerial Site Visit Update, Results of 2020 Annual General Meeting (AGM) and Operational Report for the Quarter ended 30 Sep 20**



- Project Finance
  - Tlou announced that it is currently negotiating project finance for Phase 1 of its Lesedi Power Project. Tlou is in discussion with a number of companies and negotiations are progressing well.
  - Discussions with Botswana Development Company (BDC) have been ongoing for several months and Tlou is working with BDC to conclude a funding proposal that fits within BDC's investment parameters.
  - Tlou has additionally received an indicative term sheet for transmission line and transformer funding from a potential financier. Tlou will assess this offer alongside other potential financiers to evaluate the best possible option and funding partner going forward.
- Ministerial Site Visit
  - Tlou announced that Hon. Lefoko Moagi, Minister of Mineral Resources Green Technology and Energy Security (MMGE) and his team visited the Lesedi projects.
- Results of AGM
  - All resolutions were passed by 97% and above votes in favour.
- Operational Report 30 Sep 20
  - Detailed design and engineering of the 66kV overhead line and 66kV line feeder bay extension at the Serowe substation continued during the quarter.
  - Project finance discussions continued during the quarter. Tlou is currently seeking funding for development of the Lesedi power project.
  - Tlou raised A\$3.0mn via an entitlement offer of 75 018 854 new ordinary shares at A\$0.04. At the end of the quarter Tlou had ~A3.575mn of cash on hand.
- P0.33 (YTD: -58.75%) PE: N/A PB: 0.4 D/Y: 0.00% Mkt Cap: P169.4mn



**Results of 2020 Annual General Meeting (AGM)**

- All resolutions were passed by 94% and above votes in favour.
- P0.69 (YTD: -27.37%) PE: 6.8 PB: 0.3 D/Y: 5.17% Mkt Cap: P724.5mn



### Release of 3Q20 Results

- Lucara announced that it will release its 3Q20 results on Tuesday, 10 Nov 20 after the market close in North America.
- Lucara will also hold a conference call and webcast to discuss the results on Wednesday, 11 Nov 20 at 3pm UK time.
- P5.12 (YTD: -61.47%) PE: N/A PB: 0.9 D/Y: 0.00% Mkt Cap: P2,032.1mn



### Director's Dealings in Shares

- During the week Turnstar Group Managing Director, Gulaam Abdoola, and associates bought 9 000 Turnstar shares at P2.50/share.
- P2.50 (YTD: -11.03%) PE: 10.0 PB: 0.8 D/Y: 4.00% Mkt Cap: P1,430.4mn



### Director's Dealings in Shares

- During the week Choppies directors Ramachandran Ottapathu and Farouk Ismail bought 5 480 845 and 8 116 879 Choppies shares respectively at P0.60/share.
- P0.60 (YTD: -13.04%) PE: N/A PB: N/A D/Y: 0.00% Mkt Cap: P782.2mn



### Quarterly Market Update 30 Sep 20 and Mining Quarterly Cash Flow Update

- Quarterly Market Update
  - Shumba released its quarterly market update for 30 Sep 20 where it stated that it had spent \$392 494 across all its prospecting licenses.
- Quarterly Cash Flow
  - Shumba released its cash flow update for the quarter ended 30 Sep 20. Shumba generated negative operating cash flows of P130k which was partially offset by sales of prospects of P94k resulting in a net cash outflow of \$36k for the quarter.
- P0.95 (YTD: -13.64%) PE: N/A PB: 5.5 D/Y: 0.00% Mkt Cap: P277.6mn

## SHUMBA FY20 RESULTS – PROFIT RECORDED DUE TO ONCE-OFF GAIN

Income Statement \$'Mn	FY 20	FY 19	% Δ
Revenues	619	734	-16%
Cost of sales	-500	-671	-26%
<b>Gross Profit</b>	<b>119</b>	<b>62</b>	<b>91%</b>
Other Income	575	1,052	-45%
Operating expenses	-1,475	-3,034	-51%
FX gains / losses	-16	-14	15%
Gain on bargain purchase	4,978	-	100%
Loss on financial assets	-1,022	-	-100%
<b>Operating earnings</b>	<b>3,159</b>	<b>-1,933</b>	<b>-263%</b>
Finance income	2	97	-98%
Finance Cost	-455	-435	4%
<b>Profit before tax</b>	<b>2,706</b>	<b>-2,272</b>	<b>-219%</b>
Taxation	-1	-2	-47%
<b>Profit / loss for the period</b>	<b>2,704</b>	<b>-2,273</b>	<b>-219%</b>
Balance Sheet extract \$'Mn	FY20	FY19	% Δ
Cash and cash equivalents	109	153	-29%
Exploration assets	15,123	4,740	219%
Borrowings	3,691	2,862	29%
Equity	11,098	4,611	141%

- Profit recorded for the period due to P5.0mn gain on bargain purchase. The gain is a result of Shumba increasing its share in Kibo Energy Botswana from 15% to 65% during FY19.
- P0.95 (YTD: -13.64%) PE: N/A PB: 5.5 D/Y: 0.00% Mkt Cap: P277.6mn

## CHOBE HY21 RESULTS – BORDER CLOSURES DECIMATES REVENUES

Income Statement P'Mn	HY 21	HY 20	% Δ
Revenue	17	227	-92%
Other operating income	3	12	-76%
Amortisation of intangible assets	-3	-3	-2%
Depreciation	-20	-19	1%
Other operating expenses	-40	-110	-64%
<b>Operating Profit</b>	<b>-42</b>	<b>107</b>	<b>-139%</b>
Finance income	0	0	-98%
Finance costs	-2	-2	1%
Associate earnings	0	0	-4%
<b>Profit before taxation</b>	<b>-44</b>	<b>105</b>	<b>-142%</b>
Tax	9	-28	-131%
<b>Profit for the period</b>	<b>-35</b>	<b>77</b>	<b>-145%</b>
Balance Sheet extract P'Mn	HY 21	HY 20	% Δ
Cash and cash equivalents	34	57	-41%
PPE	259	245	6%
Equity	339	354	-4%
Cash and cash equivalents	34	57	-41%

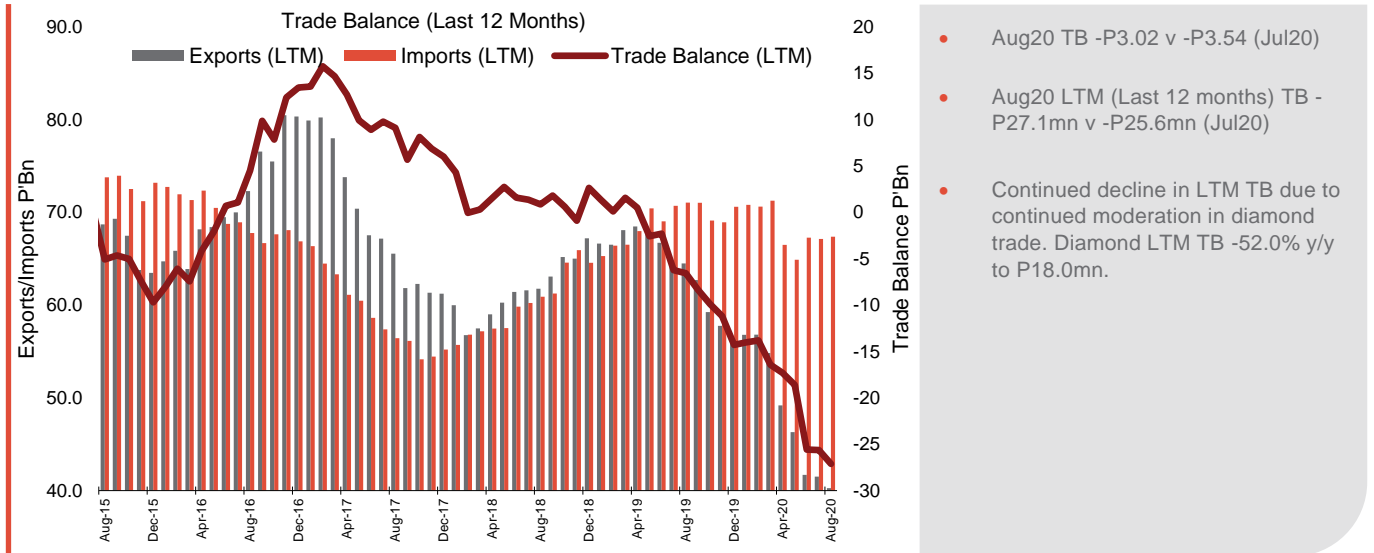
- Revenue -92% due to local and international border closures and travel restrictions.
- Operating expenses -64% due to aggressive cost containment measures in light of the trading environment.
- Chobe announced that it is ready to open for trade and its clientele are ready to travel to camps, the moment border restrictions are eased.
- No dividends declared.
- P9.49 (YTD: -14.50%)  
PE: N/A  
PB: 2.5  
D/Y: 0.00%  
Mkt Cap: P848.8mn

## NAP FY20 RESULTS – FAIR VALUE ADJUSTMENTS SINK EARNINGS

Income Statement P'Mn	FY 20	FY 19	% Δ
Rental revenue	209	202	3%
Other income	2	2	-12%
Other expenses	-56	-45	26%
<b>Operating profit</b>	<b>155</b>	<b>160</b>	<b>-3%</b>
Finance income	6	6	-7%
Finance costs	-1	-1	-3%
FV Adjustment	-13	39	-135%
Intangible asset amortisation	-1	-1	0%
Share of associate's profit	4	6	-40%
<b>Profit before tax</b>	<b>149</b>	<b>209</b>	<b>-29%</b>
Tax	1	-10	-105%
<b>Profit for the period</b>	<b>149</b>	<b>199</b>	<b>-25%</b>
Balance Sheet extract P'Mn	FY 20	FY 19	% Δ
Cash and cash equivalents	32	43	-27%
Investment properties	1,454	1,469	-1%
Borrowings	15	19	-18%
Deferred taxation	159	163	-3%
Equity	1,433	1,442	-1%

- Revenue +3%, lower than historic growth due to increased tenant failures, primarily in the takeaway food and restaurant sector.
- The issuance of trading licenses also stalled during the period resulting in a delay in tenant take-up of space.
- The Payless liquidator also chose to cancel one of its leases with NAP.
- Negative FV adjustment recorded for the period due to COVID-19's impact on rental levels.
- NAP had already declared distributions for FY20 of P154.2mn. These were 1% lower than the P156mn declared for FY19.
- P3.20 (YTD: -1.23%)  
PE: 13.0  
PB: 1.3  
D/Y: 7.90%  
Mkt Cap: P1,934.1mn

## AUG20 TRADE BALANCE (TB) – DECLINE IN ROLLING 12 MONTH TRADE BALANCE CONTINUES



## Regional

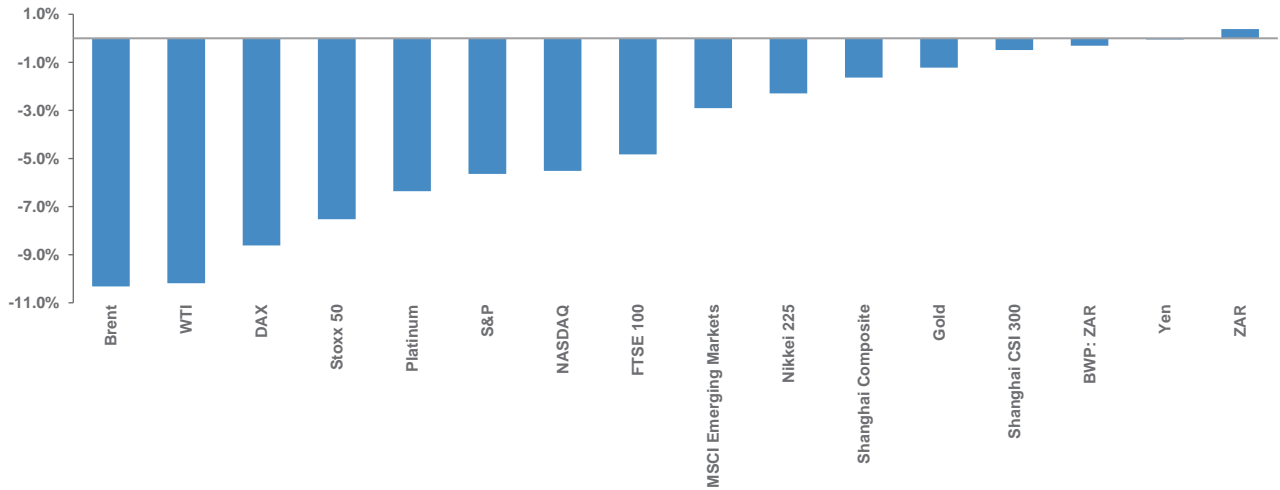
### SOUTH AFRICA

- Sep20 CPI y/y 3.0% v 3.0% (e) v 3.1% (Aug20)
- Sep20 PPI y/y 2.5% v 2.5% (e) v 2.4% (Aug20)
- Sep20 Trade Balance R33.5bn v R30.0bn (e) v R38.7bn (Aug20)
- Finance Minister Mboweni unveiled its 2020 Medium Term Budget Policy Statement.
  - A tax shortfall of R312.8bn is expected for FY20/21.
  - Budget deficit target of 14.6% of GDP for FY20/21.
  - Additional expenditure cuts of R150bn over the next two fiscal years.
  - Debt-to-GDP ratio will stabilise at 95.3% in FY25/26.

### ZAR PERFORMANCE

- The ZAR weakened on the back of investor bearishness as the number of COVID-19 cases continued to rise globally.
- ZAR 16.24 (WTD: +0.39%) v 16.18 (23 Oct 20)

## INTERNATIONAL SNAPSHOT – 30 OCT 20 WEEKLY PERFORMANCE



- Sep20 Preliminary Production m/m 4.0% v 3.0% (e) v 1.0% (Aug20)
- Oct20 Tokyo CPI y/y -0.3% v -0.1% (e) v 0.2% (Sep20)
- The Bank of Japan Monetary Policy Committee met and kept its monetary policy stance unchanged highlighting that it will continue to monitor COVID-19 developments and will not hesitate to act if necessary.
- Japanese equities closed the week in the red as investor bearishness increased as global COVID-19 cases mount and some European states re-imposed lockdowns.
- Nikkei 225: 22,977 (WTD: -2.29%), Yen: 104.66 (WTD: -0.05%)



- The European Central Bank Governing Council met and kept their monetary policy unchanged.
- France 3Q20 Preliminary GDP q/q 18.2% v 15.0% (e) v -13.7% (2Q20)
- Germany 3Q20 Preliminary GDP q/q 8.2% v 7.3% (e) v -9.7% (2Q20)
- European equities fell as COVID-19 cases across the continent continued to rise and lockdowns were re-introduced in UK, Spain, and Germany.
- DAX: 11,556 (WTD: -8.61%), Stoxx50: 2,958 (WTD: -7.52%), FTSE100: 5,577 (WTD: -4.83%)



- Chinese equities closed lower as global COVID-19 cases continued to rise.
- SHSZ300: 4,695 (WTD: -0.49%), SHCOMP: 3,225 (WTD: -1.63%)



- 24 Oct 20 Initial Jobless claims 751k v 770k (e) v 791k (17 Oct 20)
- 3Q20 GDP q/q 33.1% v 32.0% (e) v -31.4% (2Q20)
- Oct 20 Final UoM Sentiment 81.8 v 81.2 (e) v 81.2 (Sep20)
- US equities slumped following record one-day increases in COVID-19 cases across the US.
- NASDAQ: 10,912 (WTD: -5.51%), S&P 3,270 (WTD: -5.64%)

## COMMODITIES



- ΔUS Crude Inventories +4,320k bbl. (23 Oct 20) v 1,153k bbl. (e) v -1,002k bbl. (16 Oct 20)
- ΔUS Oil Rigs +9; 296 (30 Oct 20) v 287 (23 Oct 20)
- ΔNorth American Oil Rigs +12; 382 (30 Oct 20) v 370 (23 Oct 20)
- Global oil prices dropped due to the larger than expected build in US crude inventories and climbing global COVID-19 cases.
  - WTI: \$35.79 (WTD: -10.19%)
  - Brent Crude: \$37.46 (WTD: -10.32%)



- Precious metals sold-off in line with risk assets as investors sold-off safe haven metals in favour of holding cash assets.
  - Gold: \$1,879 (WTD: -1.22%)
  - Platinum: \$847 (WTD: -6.36%)



## KGORI CAPITAL

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